



The European Union and its agricultural policies

What is the EU?

In recent decades, while most Canadians had their attention fixed on the U.S., something remarkable was happening in Europe. Nations were acting generously and in their common interest to forge an economic, political, and social union based on peace and mutual security, on raising standards and incomes. The European Union (EU) is one of the most important political, economic, and social achievements in post-WWII period. For Canada and the world, the EU can serve as a partial counter-model to the U.S./WTO model of deregulation, privatization, corporate control, and lowest-common-denominator trade. This issue looks at the EU and its food and agricultural policies.

The EU was born from a post-WWII desire to enmesh Germany in a multi-lateral system that would make future wars impossible. In 1952, six nations—Belgium, France, Germany, Italy, Luxembourg, and the Netherlands—formed the European Coal and Steel Community. In the late '50s, "The Six" signed the Treaty of Rome establishing the European Economic Community. In the 1980s and '90s, the European Union was created with its common market (no internal tariffs and a common external tariff) and its elected European Parliament.

Today, the EU consists of 15 nations. In less than a year, it will add 10 new nations, for a total of 25 (see sidebar, page 2, for a list of current and expansion nations). With 15 nations, the EU's population is 380 million. Post-expansion, the population of the EU-25 will be 455 million.

Post-expansion, the EU-25's GDP will exceed that of the U.S. Total EU-15 aid to developing nations is about 36 times larger than total U.S. aid. The EU-15 export more goods than any other nation or bloc. And the EU-15 leads the world in foreign direct investment—accounting for about half of the world's total. The EU is home to 9 of the world's 25 largest companies: the U.S. is home to 8. The EU is the world's leading economy.

A year-and-a-half ago, the introduction of the Euro coins and banknotes completed the last major step in European economic integration. Twelve of the EU-15 nations use the Euro (the UK, Sweden, and Denmark kept their national currencies). All 10 expansion nations will adopt the Euro as their currency.

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The EU is a food production powerhouse

With our media dominated by U.S. messages, it is easy to mistakenly assume that the U.S. is the world's dominant agricultural economy.

Even before next year's expansion to 25 nations, the EU-15 produces:

- Almost as many cattle as the U.S.;
- Twice as many pigs; and
- And fifteen times as many sheep.

Even before expansion, the EU-15 produces:

- Over 70% more wheat than the U.S.;
- Nine times as much barley;
- Twice as many potatoes; and
- Twice as much sugar.

The U.S., however, overwhelms the EU in corn production (the U.S. produces six times as much) and in soybeans (of which the EU produces almost none).

The EU's impressive food production relative to the U.S. comes despite the fact that the EU utilizes less than one-third as much agricultural land as the U.S. And on that smaller area, the EU has three times as many farms as the U.S.

Agricultural policy in the EU

NFU Executive Secretary Darrin Qualman recently returned from a four-week trip to England and Wales, France, and Belgium. While there, he visited farms, made presentations at two meetings, met with organizations to coordinate resistance to GM crops, helped launch the European arm of the Agribusiness Accountability Initiative (see story on page 10), and met with two dozen European Union (EU) officials in Brussels in an attempt to gain an understanding of the EU's Common Agricultural Policy (CAP) and its related policies on food safety, environmental protection, animal welfare, and trade.

While it has shortcomings, the EU CAP should be of vital interest to the NFU and to others seeking to preserve farms and communities and to deflect the assault of 'market forces' on farmers.

EU-15 nations

Belgium	Italy
Denmark	Luxembourg
Germany	Netherlands
Greece	Austria
Spain	Portugal
France	Finland
Ireland	Sweden
United Kingdom (England, Scotland, Wales & Northern Ireland)	

Ten EU expansion nations

Czech Republic	Hungary
Estonia	Malta
Cyprus	Poland
Latvia	Slovenia
Lithuania	Slovakia

EU CAP: the good news

The philosophical starting point of the EU CAP is very different from the starting point for Canadian agricultural policy. In Canada, almost all of our agricultural policies are based on the implicit belief that the markets will give us the type of food and farming systems that we want.

In the EU, there is no such illusion. EU officials are very clear: the markets alone will not deliver the food safety or environmental protection they want. Dysfunctional markets will not sustain farm families or the communities that rely on them. And the markets will not maintain the beautiful, populated, diverse, and vibrant countryside that European citizens value.

Speaking to the NFU Board in July 1998, Netherlands Agricultural Counselor Jan Groeneveld said (to paraphrase):

"European Union officials have seen the countryside in North Dakota, Montana, and other parts of the northern U.S.: vast tracks of farmland with few farms or communities. That countryside is empty and ugly. In contrast, Europe enjoys a vibrant and well-populated countryside. European citizens and politicians want to see small farms in the country, dairy cattle grazing in mountain valleys, and thriving rural communities. We have seen what naked market forces do to farmers and to the countryside, and we refuse to abandon our farmers and rural communities to such destructive forces."

(continued on page 6...)

EU CAP subsidy mechanisms

Under the EU's Common Agricultural Policy (CAP), how do the farmers receive subsidy money and how much do they get? Let's take the example of a cow-calf beef producer in the United Kingdom (the UK is made up of England, Scotland, Wales, and Northern Ireland and the UK has been part of the EU since 1973). *The following is adapted from fact sheets on the UK's Department of Environment, Food, and Rural Affairs (DEFRA) website: www.defra.gov.uk/ Note that 1 Hectare = about 2½ acres, and that 1 UK Pound (£) = about \$2.25 Canadian.*

Male cattle

Male and female slaughter cattle are treated differently. The "Beef Special Premium Scheme" is available only for male cattle. The Premium is paid twice in the life of a steer (castrated male bovine) and once in the life of a bull (uncastrated). A farmer can apply for payments on a steer when the animal is 7 months old and again at 20 months. For a bull, a farmer can apply once for the subsidy when the animal is 7 months old. Payment is conditional on the cattle being held for at least two months following claim for payment and on stocking density restrictions.

EU member states are limited on the total number of animals receiving the Premium. If the national limit is exceeded, the payments to producers will be pro-rated. Pro-rating, however, does not apply to farmers with 30 animals or less.

In theory, farmers receive an Advance Payment of 60% of the Premium rate on October 16 of the "scheme year." And farmers receive the balance in April, May, or June of the following year. In practice, payments are almost always delayed.

In 2001, payment rates were:

	2001 scheme year, full premium
Bulls	£110.85 (\$248.30 Canadian)
Steers	£ 81.49 (\$182.54 Canadian)

Thus, a farmer with a male calf (castrated) born on February 1, 2001 could apply for £81.49 (\$182.54 Canadian) on September 1, 2001 (seven months) and another £81.49 (\$182.54 Canadian) on October 1, 2002 (20 months).

In addition, there are smaller—£20-£40 (\$45-\$90 Canadian)—payments on steers and bulls, paid out over three years, as part of "agrimonetary compensation" (TAC, DAC, DAC2, MAC, and PAC programs). These payments are designed to ease the transition to the Euro

or, in the case of the UK, to ease problems resulting from a strong UK Pound against the Euro (EU subsidies are based on the Euro, so UK farmers can lose out in the exchange).

Cows

The "Suckler Cow Premium Scheme" pays subsidies on the female cattle forming part of a breeding herd used for rearing calves for meat production. A summary of eligibility criteria includes:

1. The premium is paid on a per-head basis on female cattle of a beef breed, which have given birth, or are heifers of at least eight months old at the beginning of the 6-month retention period. Heifers may make up 20% of the claim.
2. The retention period begins the day after applications are submitted and ends at midnight six calendar months later.
- ...
5. Producers must keep the cattle detailed in their claim (or eligible replacements) throughout the entire retention period.
6. Payment will be made only on those cattle for which the producer has the correct Suckler Cow Quota...
7. Small dairy producers who hold no more than 180,000 kg (174,780 litres) of milk quota can also apply to the Scheme.

Payment rates for 2002 were £109.05 (\$244.27 Canadian) per eligible cow or heifer, paid in two installments (mid-October 2002 and April-June 2003).

In addition, the "Beef National Envelope" program pays an additional £14.98 to £22.56 (\$33.56 to \$50.53 Canadian) for each cow or heifer eligible under the "Suckler Cow Premium Scheme."

Again, "agrimonetary compensation" adds £20-£40 (approx. \$45-\$90 Canadian) to the totals above.

(continued on page 4...)

(EU CAP subsidy mechanisms, from page 3)

Environmental payments

Farmers who receive money on the “Beef Special Premium Scheme” or the “Suckler Cow Premium Scheme” are also eligible to receive payments under the “Extensification Payments Scheme” if they meet specific stocking density levels. The Extensification Scheme is designed to encourage sustainable stocking levels.

The payment rates for 2001 were:

- Densities below 1.6 Livestock Units (LU)/Hectare (Ha): £39.55 (\$88.59) per animal. This density is equal to 40 to 64 cow-calf pairs per quarter section (depending on calf age: calves under 6 months count as 0.6 LU while those over 6 months count as 1.0 LU).
- Densities equal to, or above 1.6 LU/Ha and not more than 2.0 LU/Ha: £19.77 (\$44.28) per animal. This density is equal to a maximum of 80 cow-calf pairs per quarter section (again, depending on calf age)

Again, “agrimonetary compensation” payments of about £5-£7 (approx. \$11-\$16 Canadian) apply.

Slaughter Premium

The “Slaughter Premium Scheme” pays farmers when cattle—male or female—are slaughtered. The payment in 2001 was £31.76 (\$71.14 Canadian) per animal aged 8 months and older.

Livestock Quotas

Livestock quotas were introduced in 1993 to regulate production and expenditures under the “Suckler Cow Premium Scheme”. Farmers received an initial allocation of quota based on their 1992 reference year. Farmers can purchase or lease quota. If quota is sold unattached to the cattle it covers, 15% of the quota is “siphoned”, without compensation, into the National Reserve. There are numerous other regulations regarding quotas.

Currently, suckler cow quota sells for approximately £272 to £382 (\$609 to \$859 Canadian) per cow and leases for £102 to £132 (\$228 to \$296 Canadian) per year. (Lease and sale prices are currently affected by uncertainty over future quota provisions triggered by the European Union’s Mid-Term Review of its CAP. Lease and sale prices have also been affected by Foot and Mouth disease.)

Subsidy totals

What does all this add up to? Let’s take the example of a steer calf and its mother. If the farmer kept the steer for two years and then sent it for slaughter, the farmer might receive:

- £81.49 (\$182.54 Canadian) under the Beef Special Premium Scheme when the calf was 7 months old;
- £81.49 (\$182.54 Canadian) under the Beef Special Premium Scheme when the calf was 20 months old;
- Up to £39.55 (\$88.59) in year one under the “Extensification Payments Scheme” if stocking densities were below 1.6 LU/Ha.;
- An additional £39.55 (\$88.59) in year two under the “Extensification Payments Scheme” if stocking densities were below 1.6 LU/Ha.;
- An additional £39.55 (\$88.59) for one year for the mother cow under the “Extensification Payments Scheme” if stocking densities were below 1.6 LU/Ha.;
- £31.76 (\$71.14) under the “Slaughter Premium Scheme”;
- £109.05 (\$244.27 Canadian) in “Suckler Cow Premium Scheme” for the mother of the steer.
- £14.98 to £22.56 (\$33.56 to \$50.53 Canadian) under the “Beef National Envelope” for the mother of the steer.
- About £70 (\$156.80) in total “agrimonetary compensation”; and
- Additional subsidies if the beef farmer grew feed grain for the steer and its mother on his or her farm.
- In addition, Intervention Prices place a floor under the market price for beef.

The total? About £511.44 (about \$1,145.63 Canadian) for that 20+ month old steer sent to slaughter.

In considering this relatively generous total, however, Canadian farmers should remember the following: the average herd size in the UK is 35 cows; agricultural land prices average \$6,700 (Canadian) per acre(!); farmers must purchase or lease suckler cow quota; and UK farmers must comply with many, many rules and regulations in order to farm and to collect subsidies (see next page).

Regulations

While the farmers in Canada hear a lot about the large EU subsidies, what often isn't reported is the number of rules and regulations that UK/EU farmers must adhere to. For instance, rainfall runoff water must not be allowed to enter the corral area or mix with manure. Instead, "clean" runoff water must be caught in drains and directed underground away from the corral. Likewise, runoff water from inside the corral must be channeled separately into a tank or lagoon which will hold the total amount of liquid animal waste runoff for a specified period plus an amount of rainfall based on national statistics for the area. This "dirty" water must be pumped out onto a farmers' land at low volumes and the area of the farm onto which such water is pumped is subject to a large number of rules. Most farms must also have storage capacity for manure solids for 4 to 6 months, depending on their location within UK.

Many parts of UK (80%) are "nitrate vulnerable zones." This limits amount of nitrates—fertilizer and manure (including manure dropped by the animals while grazing)—that can be applied to the land. Farmers must keep records, for five years, for each field and these records must detail manure or fertilizer spread on the field, animal grazing numbers and type of livestock, and crops grown.

To collect subsidies, farmers must retain cattle for specified periods. The farmer must inform the UK Department of Environment, Food, and Rural Affairs (DEFRA) of all the fields (their location and their serial number) that the animals in question could be using during the retention period. Failure to comply can result in the loss of subsidies on affected cattle and, possibly, a further financial penalty.

All cattle have to be tagged in both ears and/or tattooed and/or electronically tagged with an implant. Tags must include a 12 digit number, which is a six digit number herd number and a six digit individual animal number. This has to be done, and a passport applied for, within 7 days of the birth of the calf. Failure to comply can result in the calf being worthless—you cannot sell it, you only send it for rendering and you would have to pay £100 (\$224 Canadian) for doing so.

Farmers are limited in how far they can transport cattle and other livestock. Rules include:

- Vehicles used to transport livestock must be cleaned and disinfected before and after they are used to transport livestock;

(continued on page 6...)

Mid-Term Review and "decoupling"

Don't spend too much time trying to figure out EU subsidy mechanisms because very soon everything may change. As part of its Mid-Term Review of the Common Agricultural Policy (CAP), the EU is considering partially or completely decoupling subsidy payments from production. If completely decoupled, farmers would be paid whether they produced or not. They would be paid based on historic production, and would have to keep their land in some kind of production (fenced with a few sheep?), but would not have to produce the cattle or crops on which they would receive subsidies. Farmers would also have to deliver certain environmental "goods" in order to collect decoupled subsidies.

The EU is moving quickly to examine and possibly implement decoupling. EU officials would like to have a framework for decoupled subsidies in their pocket when they go to the Cancun WTO meetings in September. Decoupled support is intended to silence critics who claim that EU subsidies are trade- or production-distorting. Decoupled subsidies would be WTO "Green" and, thus, there would be no limit placed upon total subsidy spending.

How much would farmers be paid under a decoupled scheme? One estimate (reported in *Agra Europe Weekly*) puts the decoupled subsidy for arable (grain) farmers at between 290 Euros and 320 Euros per hectare (\$167 Canadian per acre to \$206 Canadian per acre).

It is important to remember that these decoupled payments are based on historic production levels that, in many areas, in some years, are as high as 100 bushels per acre for wheat. It is also important to remember that many of the farms that will receive decoupled subsidies are 200 acres, not 2000.

Decoupling may be phased in over five years. Arable (grain) land may be fully decoupled while livestock payments may be only 50% decoupled.

(EU CAP subsidy mechanisms, from page 5)

- For farm-to-farm livestock movements over 10KMs, vehicle cleaning and disinfecting must be carried out at a DEFRA-approved cleaning and disinfecting facility;
- On exit from a livestock market, the tires, mudguards, and wheel arches of the vehicle must be cleaned and disinfected by the market operator;
- Special provisions, including rest stops, apply for movements that exceed eight hours;
- All cattle movements must be recorded by national cattle database;
- Any movement of cattle onto a farm means a six day “standstill” for that farm, with no animals allowed to leave that farm unless they move directly to a slaughterhouse in one move. Any animals coming onto the farm during the six day standstill triggers the six days to start again.

All medicines used on animals have to be recorded, including the date used, amount used, dosage rate as

suggested by maker of product, batch number of product, expiry date of the product, and withdrawal period for milk or meat for human consumption.

Farmers must keep separate records for herbicide, fungicide, and insecticide applications, including the wind speed and weather conditions at the time of use, amounts used, the crop on which it was applied, who applied it, application speed, which tractor and sprayer were used, and the certificate number of the operator of the sprayer.

Farmers are severely punished by financial penalties and fines if any of these or other rules are broken, even if the breach is a result of an honest error. In some instances, previous subsidy payments have been reclaimed. Subsidy repayment can extend back several years, even if the farmer complied with all rules in those years.

While many of these regulations may serve useful purposes in protecting the environment and animal and human health, they add to farmers’ costs. Compared to Canada, agriculture in the UK/EU is more heavily subsidized and far more heavily regulated. — nfu —

(The European Union and its ag policies, from page 2)

Reading official EU publications on the CAP can be a refreshing change for Canadian farmers disheartened by Ottawa rhetoric on efficiency, competitiveness, and deregulation. Here are a few excerpts from a EU Commission pamphlet on the CAP:

The European model of agriculture is based on the “concept of multifunctional, sustainable, and competitive farming spread evenly throughout the Union. This model is reflective of the balance that has been struck in the European Union between commercial considerations and the wider concerns of society.”

“Sustainable farming ... respects the environment, strengthens the social fabric, and creates jobs, providing better conditions for living and working and equal opportunities for both men and women.”

The multifunctional role of Europe’s agriculture is given full recognition: besides producing our food, farmers play a key part in protecting and maintaining the environment and the countryside, together with its rich cultural heritage of tradition and knowledge.”

“Direct assistance [to farmers] takes into account important factors such as employment, natural handicaps to farming, and, above all, the extra services performed by farmers on behalf of society such as preserving the countryside. ... The new CAP takes full account of consumer requirements on food quality, environmental protection, and animal welfare, with quality considerations recognized as a major factor in competitiveness.”

The preceding is more than just Canadian-style lip-service, such as that found in our Agricultural Policy Framework. Most EU countries label GM food and the EU will implement mandatory labeling and traceability regulations for GM food before new GM varieties are approved. New hog barns in the EU cannot use farrowing crates and existing farms will have to phase out these hog cages by 2012. Also by 2012, the EU will phase out battery cages for laying hens. Most supermarkets have pledged to eliminate genetically-modified ingredients in their brands, and most provide organic alternatives for most foods.

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(EU CAP subsidy mechanisms, from page 3)

EU CAP: the bad news

While the CAP is at least partly based on progressive ideals, and while the subsidy payments to farmers are large (see “EU CAP subsidy mechanisms” in this issue), the EU has taken on board some of the destructive ideas that characterize ag. policy worldwide. In their policy documents, right next to paragraphs packed with words like “sustainable”, and “environmentally-friendly” the EU advocates agriculture that is “modern,” “competitive”, and “efficient.”

In a report on EU expansion (next year’s addition of ten new nations), the EU Commission worries aloud that paying large subsidies to farmers in Poland and other new EU member states will have the effect of keeping too many farmers on the land. The report recommends phasing in EU CAP subsidies over ten years. It states that “introducing direct payments at a low level would contribute to stabilizing agricultural income without compromising the process of restructuring.” “Restructuring” means the expulsion of farmers and the move towards larger farms. Over and over, the report warns that implementing EU subsidy programs too quickly would undermine “incentives for restructuring.”

The preceding examples are representative of the CAP’s Jekyll and Hyde approach to agricultural policy: progressive and generous at one instant, urging the modernization and restructuring of agriculture at another.

You will quickly encounter this contradiction when talking to farm leaders in the EU. They point out that, like the U.S. and Canada, the bulk of EU subsidies go to the largest farmers. Also, despite subsidies, many EU countries have lost family farms at an alarming rate. Over the past 25 years, the UK has lost 13% of its farmers. But Germany, France, Portugal, and other nations have lost 40% to 50% of their farmers in the past 25 years. On the one hand, the CAP has clearly failed farmers in a nation like Germany, where nearly half have been pushed out over the past 25 years. On the other hand, Germany today has nearly twice as many farmers as Canada on an agricultural area about one-quarter as large.

EU CAP: more good news

The CAP and its attendant environmental, food safety, trade, and animal welfare policies are far from perfect. What is remarkable, however, is how much better off European farmers and communities are, compared to their Canadian counterparts.

Europe is still dotted with beautiful communities. Most have main streets with locally-owned shops and services. Europe has 26 times as many farmers as Canada, on an agricultural land base only 1½ times as large. Agricultural co-ops—under attack in Europe as in North America—are still far more numerous in the EU, and they hold the majority of market share in many sectors in many nations.

With the exception of the food retail sector, European farmers do not face the extreme level of corporate concentration that North American farmers do.

While the trends in Europe are the same as in Canada—farmer loss, decimated communities, the loss of co-operatives, and corporate concentration—European decline begins from a much higher starting point. Canadian rural development proponents can only dream of replicating the kind of countryside and the rural communities that Europe is left with after decades of decline. One has to wade through the contradictions of the CAP to decide whether it is friend or foe of European farmers.

— nfu —

NFU resolves to join EU

At their most recent Convention, NFU delegates adopted the following resolution from Region 3 (Ontario):

BE IT RESOLVED that the NFU begin an investigation as to the possibilities of Canada joining the European Union (EU).

When the resolution was read, some NFU members took it lightly. But soon one member went to the microphone and pointed out that Canada is only 18 miles from France. French islands St. Pierre and Miquelon are only 18 miles off the coast of Newfoundland.

Then, another member pointed out that being part of a European trading bloc was the norm for Canada: we had spent most of our history as part of the Commonwealth and as trading partners with Great Britain.

Another member noted that French Guiana, on the North coast of South America, is part of the EU, so there are no strict geographic criteria.

Finally, someone noted that the refrain from all Canadian governments was to “diversify”; and with Canada 86% dependant on the U.S. for its export markets, Canada needs to diversify its export markets and add new customers.

Elsewhere in this issue you will find another call to join the EU, and a petition urging Canadian leaders to open negotiations.

Canada better off joining EU:

How the mouse can out-manoeuvre the elephant

- by Stephen Bradley

Serving under Lester B. Pearson, Pierre Trudeau saw firsthand the US threats to our sovereignty. As Prime Minister he took steps to control our investment and energy policies, and promoted the “third option” foreign policy, seeking closer links with Europe. Metric conversion laid the foundation.

In 1988, 56% of Canadian voters rejected the idea of closer ties with the US. But under our undemocratic first-past-post federal electoral system, Mulroney won a majority of seats and launched us into a poorly negotiated and one-sided “Free Trade Agreement.” As economic links tighten, our leaders are increasingly fearful of deviating from US policy. The issue of MMT (the neural inhibitor fuel additive) highlighted the corporate veto on our protective legislation. Concern has grown over US policies such as first strike with atomic weapons, violations of the Geneva Conventions, and the use of force to impose their will on others.

Trudeau warned of the dangers for “a mouse in bed with an elephant.” Now the elephant is rolling over hard and the mouse had better think fast.

The European Union (EU) shows that globalization can uphold human values. Respect for human rights is a requirement for admission to the EU, and Canada would be required to deal with issues such as Aboriginal Title and homelessness. The European lead in promoting the transition to organic agriculture and protecting their citizens from MMT, GMOs, etc., shows the potential in a truly mutual and democratic community of nations.

In December 2002, Quebec passed Bill 112, An Act to Combat Poverty and Social Exclusion, modeled on European legislation. Reason tells us that sharing the wealth, respecting the fundamental human rights of all persons, including the right to clean air and water, and adequate safe food, clothing and shelter, is the only road to peace and security.

The dying empire of oil threatens to engulf us in its convulsions. The next strategic resource will be water, and Canada is the prize. History suggests that the US will rule us by economic force if we remain vulnerable, or by military force, if necessary.

As part of the EU we are equal militarily with the US and superior economically. We would be their largest trading partner, and the US would have to negotiate with all of us together. We can leave NAFTA with 6 months notice, but can safely do so only as part of the new EU (“Earth Union”).

When I see the gut reaction of Canadians to the idea, their eagerness to sign the petition (on page 23), I foresee a rage, like Beatlemania or Trudeaumania, sweeping across Canada and Europe. But the hero is no super-star. It is we the people in charge of our own future.

Someday soon I want to hear the Prime Minister of Canada utter these words as Canada leaves NAFTA and joins the EU (“Earth Union”): “We celebrate tonight the creation of a new superpower and the end of the one-superpower world. A window of hope in a time of great peril. Our strength protects a space where human intelligence and compassion can work effectively toward healing the traumas of generations of abuse of each other and our planet. We say, ‘ENOUGH! NO MORE!’, to the sabotage of this urgent work by vested interests within our own nations or anywhere in the world. LONG LIVE THE EARTH UNION AND LONG LIVE THE EARTH!”

Stephen Bradley is a marine navigator and free-lance journalist living on Vancouver Island, BC. Contact: valjean@shaw.ca, website: www.members.shaw.ca/valjean. Stephen encourages readers to sign and send in the petition reprinted elsewhere in this issue.

Petition for Canada to Join the EU

EU: Ireland, United Kingdom, Sweden, Finland, Denmark, Germany, Netherlands, Luxembourg, Belgium, France, Portugal, Spain, Italy, Austria, Greece. 12 new nations: Estonia, Latvia, Lithuania, Poland, Czech, Slovakia, Hungary, Slovenia, Malta, Cyprus, Romania, Bulgaria.

Whereas, Canada's ties with the USA are not equal, but lead to increasing subjection of Canada to US policy. And whereas, the US declared a **FIRST STRIKE** with **ATOMIC BOMBS** policy, and is openly violating the norms of civilized conduct, and resisting global justice and ecological protection. And whereas, the **EU** is a community of nations which upholds human rights and social, labor, and environmental standards, and which, with Canada, would be as powerful as the USA. Therefore: we, the undersigned, call upon all Canadian, European and First Nations leaders to take immediate steps to promote fast-track negotiations between Canada, First Nations and the **EU** for the entry of Canada into the **EU!**

Name: _____

Address: _____

Postal: _____

Email: _____

Tel: _____

Signature: _____

Please return collected petitions to:

PETITION FOR CANADA TO JOIN THE EU

Web: www.members.shaw.ca/valjean

Box 362, Brentwood Bay, BC

V8M 1R5

Big pigs want NISA too

Maple Leaf Foods Inc. is a meat and food processor with 2002 revenues of over \$5 billion and profits of \$85 million. It is owned by one branch of the McCain Family. In addition to Maple Leaf pork and poultry, its store brands include "Canada Bread", "Dempsters", and "Oliveri" pasta. It also owns Shur-Gain and Landmark animal feed companies and Rothsay rendering.

Maple Leaf also owns Elite Swine. In 2002, Elite had 127,000 sows "under management" and those sows produced 2.75 million market hogs.

Speaking before the Federal Standing Committee on Agriculture, Elite Swine President Dickson Gould argued against restrictions and caps on the current NISA program and on the proposed New NISA program. "There is a concern that the current NISA program prevents many legitimate productive operations supporting numerous farm families from qualifying because of overly restrictive ownership rules," said Elite's President. He called for the end of a rule that requires a hog barn shareholder to own at least 10% of the operation in order to participate in national safety net programs.

He went on to say that New NISA "should not discriminate against production systems [on the] basis of ownership structure, size, or capital investment."

At the same hearings, Manitoba Pork Council chair Marcel Hacault argued for much higher caps on farm safety net programs. He said "If you're going to put a cap in place, make sure that it doesn't disadvantage a certain type of structure." Elite pays the Manitoba Pork Council about \$2.4 million in check-off money each year for the market hogs under Elite's management.

— nfu —

NFU participates in creation of the Agribusiness Accountability Project

The Agribusiness Accountability Initiative (AAI) is an open forum for sharing research, advocacy ideas, and public education strategies to address the negative impacts of agribusiness transnationals on the livelihoods and food security of small and medium farmers, consumers, communities around the world, and on the environment.

The AAI will soon launch a website that will collect together top research on the activities of agribusiness transnationals around the world. The

AAI will also help link together organizations pursuing similar actions or research in different regions.

The AAI was launched at a meeting in Chicago in October 2002. Recently, NFU Executive Secretary Darrin Qualman participated in a meeting in the UK to launch the European arm of the AAI.

The AAI has received its major funding so far from the Centre of Concern and the National Catholic Rural Life Conference.

— nfu —

NATIONAL FARMERS FOUNDATION ACTIVITIES

Report on Current Donations, January 1—April 30, 2003

The Board of the National Farmers Foundation expresses its sincere thanks to donors who have sent donations to us to date in this calendar year.

We regard your donations as an investment in the future of the farming community since all funding grants we are able to make are directed toward achieving that goal. Education and leadership development are extremely important in the NFU.

We issue tax-exempt receipts for all donations made: (1) On a direct personal basis; (2) In memorium to others; and (3) As bequests in wills.

Memorial Donations:

Peter Hiebert—R. Bruce Jones; Ralph Mackinnan—Urban Laughlin; Bernard Schmitz—Yvonne Schmitz.

Donations:

Kate O'Keefe; Sr. Catherine Fairbairn; Martha King; Frank Cushing; Betty J. Mullin.

Your tax-exempt donations should be sent to:

**National Farmers Foundation
2717 Wentz Avenue, Saskatoon, SK S7K 4B6**

IMPORTANT NOTICE

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NFU in Ottawa to stop GM wheat

On June 5, NFU President Stewart Wells and Vice-President Terry Boehm appeared before the House of Commons Standing Committee on Agriculture to present farmers' views on genetically-modified (GM) wheat.

Wells and Boehm drew a comparison with Bovine Spongiform Encephalopathy (BSE) and told Committee members that, "Canadian cattle producers are experiencing the devastating consequences of border closures and market losses that have resulted from BSE. At the same time, however, the Canadian government is considering the approval of the grain system equivalent of BSE: GM wheat. GM wheat will lead to massive market losses and will effectively close borders to Canadian exports. But unlike BSE—which can be rooted out and markets and borders reopened—the devastating effects of GM wheat will be permanent."

The customers that buy 82% of Canada's wheat crop have said that if Canada introduces GM varieties, then they will stop buying Canada wheat—GM and non-GM alike. Other exporters, such as Australia, will not be proceeding with GM wheat and are positioning themselves to take over Canadian markets. The NFU told the Committee that the introduction of GM wheat would undo decades of successful market development for Canadian wheat, drive down prices, and completely reverse the Canadian government's stated goal of branding Canadian products as the safest and highest quality in the world.

The NFU also brought to the Committee's attention research linking formulations of glyphosate to fusarium growth. Fusarium is a disease plaguing wheat farmers in parts of western Canada. Very low levels of fusarium are enough to seriously devalue wheat. The growing of GM Roundup Ready (glyphosate-resistant) wheat would dramatically increase the amount of glyphosate applied during the growing season and this may

increase the growth and incidence of fusarium. "More work needs to be done in this area, but RR wheat should not be approved if formulations of glyphosate promote the growth of fusarium," said Wells.

Boehm told the Committee that GM wheat threatens to destroy organic farming. The experience with canola shows that pollen drift and seed-source contamination means that once GM varieties are introduced, organic production becomes nearly impossible. The introduction of more GM crops will leave organic farmers fewer and fewer crops to grow. "The decision to introduce GM wheat and the other GM crops that would follow is a decision that may terminate organic crop production," said Boehm.

Boehm stressed to the Parliamentarians that the government must be the one to decide on the introduction of GM wheat. "This one can't be left to the markets. First, at the consumer end of the market, the purchaser doesn't have any information on which to base a decision because the government of Canada has not endorsed mandatory labelling for foods that contain GM ingredients. At the farmer end of the equation, unfortunately there will always be some farmers that will grow or use a product if it is not specifically banned. The problem is, that even if a tiny minority of farmers choose GM wheat, market loss and contamination will result for all farmers. The market is incapable of making these types of responsible decisions," said Boehm.

The NFU brief to the Committee concluded: "The National Farmers Union recommends in the strongest possible terms that the government of Canada prevent the introduction of GM wheat into Canadian food and fields unless the concerns of Canadian farmers, industry, and consumers are adequately addressed." The NFU brief is available at www.nfu.ca.

— nfu —

EU GM struggle focuses on “co-existence”

With the exception of a small acreage of genetically-modified (GM) insect resistant corn grown in Spain, European Union (EU) nations do not grow GM crops. All this may change, however, as Monsanto and others push to introduce GM crops such as canola into the UK and other EU nations.

The UK is the weak link in the European resistance to GM crops. Both the UK government and the UK's largest farm organization—its NFU—support GM crop technology.

The debate on the introduction of GM crops in the UK and the rest of Europe pivots on the issue of “co-existence.” On May 5, 2003, EU Ag. Commissioner Franz Fischler said:

“...co-existence means that no form of agriculture, GMO or non-GMO, should be excluded in the EU in the future. Similarly, it is also linked to consumer choice. Only if farmers are able to produce the different types of crops in a sustainable way, will consumers have a real choice.”

[T]he European Union [has] committed itself to take the initiative to develop...agronomic and other measures to ensure the viability of conventional and organic farming and their sustainable co-existence with genetically modified crops.”

The EU seems genuinely committed to seeking agronomic and liability rules within which GM, non-GM, and organic farmers could each continue to farm using their preferred system. The alternative—and a probable one given difficulties raised by pollen drift and seed contamination—is that the EU may well say “no” to GM varieties if co-existence seems impossible or cost-prohibitive. If GM crops cannot co-exist without contaminating non-GM, then the EU may well refuse to allow the introduction of GM crops.

Discussions in the EU center on separation distances between GM and non-GM/organic fields, the necessity of regulating very low levels of seed supply contamination, and various proposals for liability resolution.

The evidence from this country is clear: without a fundamental restructuring of how grain is grown and collected in Canada and without heaping costs onto farmers, GM varieties *cannot* co-exist with non-GM and organic varieties. Canada should be at least as wise and sophisticated as the EU, and say “no” to the GM wheat technology that would certainly take away farmers’ right to choose non-GM or organic wheat production options.

The NFU will be working with farm and citizens’ organizations in the EU to share Canadian farmers’ experiences with GM crops.

— nfu —

Geographic indicators

In coming years, you will learn a lot about the terms “Protected Designation of Origin” (PDO) and “Protected Geographical Indication” (PGI). The EU wants to use PDOs and PGIs to restrict the use of food names like “Parma” ham—which the EU claims can come only from one region of Italy—and even “Feta” cheese.

These arguments have surfaced before and one result is that only sparkling wines made in the Champagne region of France can be called “Champagne.”

Canadian and U.S. trade negotiators see PDOs and PGIs as a large potential headache in coming trade talks.

For more information, see http://europa.eu.int/comm/agriculture/qual/en/1bbaa_en.htm.

Canada to help U.S. force GM food down French and German throats

In a shameful move, the Canadian government joined a U.S. World Trade Organization (WTO) action designed to force European Union (EU) countries to accept GM foods. In total, twelve countries have associated themselves with the U.S. action, including Columbia, Peru, and Uruguay.

The EU has had a de-facto moratorium on the approval of new genetically-modified (GM) crop varieties since 1998. U.S. Trade Representative Robert Zoellick said “We’ve waited patiently for five years for the EU to follow the WTO rules and the recommendations of the European Commission.” The U.S. has lost a significant share of its export trade in recent years due to difficulties in exporting corn and soybeans to the EU market.

France has led a coalition of EU states in refusing to lift the de-facto EU moratorium until strict new rules on labelling and traceability are in place. Once in place, however, it is likely that the U.S. will similarly attack those rules as trade barriers.

The timing of the U.S. move—coming on the heels of a failed attempt to force EU nations to go to war against Iraq and following U.S. comments about “old Europe”—is sure to ignite angry opposition, both to GM foods and to the WTO process. The U.S. has also used the WTO to try to force Europeans to eat hormone-injected beef.

The WTO action is strategically-inept on Canada’s part as well. In the next couple of years, Canada will need to say “no” to GM wheat—an unwanted technology that will devastate markets and wheat farmers’ incomes. It will be difficult to say “no” to GM wheat in Canada while, at the same time, using the WTO to force the EU to accept GM grains and oilseeds. If the Canadian government’s position was not so simplistically-ideological, Canada could make common cause the EU, which argues that “sound science” alone cannot be only determinant of food trade law. EU Agriculture Commissioner Franz Fischler said that the “wishes of consumers” must also be taken into account. Clearly, Canada wants the “wishes of our customers” taken into account when determining whether we grow

GM wheat in this country. By sticking dogmatically to the “sound-science-is-the-only-legitimate-grounds-for-rejection” position, Canada risks painting itself into a corner and being forced to accept GM wheat, either as a trade good or as a commercial crop.

Friends of the Earth’s Genetic Engineering Advisor Juan Lopez, speaking in Brussels to NFU staff, said that he believed that the U.S. action was not solely aimed at the EU, but also at developing nations that might be emboldened by the EU moratorium and emulate its rejection of GM crops. Recently, the U.S. has come into conflict with African nations when those nations asked the U.S. to mill its GM corn food aid before delivery, in order to prevent desperate farmers from planting the food aid corn and contaminating Africa with GM varieties. The U.S. refused to mill its corn.

Lopez, writing in Synergy magazine, framed the U.S. WTO action against the EU perfectly when he said: people have human rights, and when it comes to food, those rights include “the right to know what you are eating and the right to decide what you eat. ... The current model for introducing GM organisms into the food system undermines or eliminates those rights.” The U.S. action against the EU clearly says that people do not have the right to collectively choose what they eat. Canada’s refusal to label GM foods similarly violates our right to know what we are eating. These rights have been sacrificed to the needs of transnational agribusiness to generate ever larger profits and to gain increased control of the food system. — nfu —

An alternate BSE theory

NFU members interested in alternative explanations of Bovine Spongiform Encephalopathy (BSE, or “Mad Cow”) will find the views of Mark Purdey interesting. Purdey is an independent researcher and organic farmer from Somerset, England.

Purdey links BSE to organophosphate warble fly insecticides and to imbalances in copper and manganese intake by livestock.

Purdey’s website is www.purdeyenvironment.com/.

Wheat Growers victims of self-inflicted wounds

—by Paul Beingessner

The death notice issued by the Western Canadian Wheat Growers Association on its own behalf last week was short on analysis. In a letter to members, the Wheat Growers announced the end of the organization and stated it was due to declining membership, now reported at less than 1000. A few vague reasons were given for this - changing demographics, declining wheat acres and "changes to the farming landscape".

The truth is the Wheat Growers Association died from nearly a decade of self-inflicted wounds. These resulted not only from a failure of vision, but from a profound failure to understand the farm community in western Canada.

The failure of vision became increasingly apparent over the last decade as the Wheat Growers' attacks on the Canadian Wheat Board became more frequent, more strident and less rational. The CWB was blamed for trade disputes, falling grain prices, increasing freight rates, the failure of canola shippers to load in a timely manner, and much more. The barrage of press releases with a single focus and overblown hyperbole damaged the Wheat Growers' credibility with news organizations and farmers alike. The old joke about the blockheaded farmer blaming the lack of rain on the CPR was updated to the Wheat Grower blaming the Wheat Board for everything from grasshoppers to SARS. While there were very real issues to examine, the Wheat Growers brushed them aside to maintain that all problems would disappear if the CWB did likewise.

While all this appeared foolish to many farmers, a more disturbing aspect to the Wheat Growers' behaviour became apparent. The Wheat Growers were far more comfortable with positions taken by agribusiness than those of other farm organizations. This led to some inexplicable behaviour. Farmers who attended the Kroeger process, examining grain transportation issues, were often taken aback by the stands of the Wheat Growers' representatives, especially their firm backing of the railways' position against open access.

The dividing line between the Wheat Growers and other farm groups was clearly illustrated at the end of each day of hearings. While six or seven farm groups headed off one direction for a supper caucus, the Wheat Growers would team up with the railways' representatives and go another.

The Wheat Growers seemed to go out of their way to create enemies of farmers while trumpeting the railway or grain company line. When groups like West Central Road and Rail fought rail abandonment, the Wheat Growers declared that branch lines had to go. When farmers organized short line railways, the Wheat Growers attacked these as relics of the past. When the Canadian Grain Commission tried to force producer car loading facilities to license as primary elevators, the Wheat Growers supported this, to howls of outrage. When farmers organized the Farmer Rail Car Coalition to purchase the government owned hopper cars, the Wheat Growers withdrew, saying these groups were not sufficiently commercial. When the CWB challenged the railways over inadequate service in the winter of 96-97, the Wheat Growers tried to undermine the case before the Agency. When the CWB victory restored millions of dollars to farmers' pockets, the Wheat Growers could only scoff.

Perhaps most significantly, the Western Canadian Wheat Growers, and their sister group, the Western Barley Growers Association have supported Monsanto in its bid to release genetically modified Roundup Ready wheat. This caused a huge split in the organization and earned the puzzled contempt of farmers across western Canada. With no other farm groups supporting this move, accusations flew that the Wheat Growers were bought and paid for by Monsanto and other corporate friends. The disclosure that the Roundup Ready panel, convened by Monsanto with a mandate to promote the introduction of Roundup Ready wheat, was heavily weighted with Wheat Grower members only reinforced this view.

(continued next page...)

Clearly, the Wheat Growers failed to understand the sophistication of modern farmers. The simplistic notion that a market freed of the tyranny of single desk selling would solve all problems simply is not credible in an age of grain company consolidation and the massive power of multinational grain traders. Nor is a blind adherence to the religion of deregulation likely to gain many converts.

The Wheat Growers failed dismally to see shades of gray. As economic power in the agriculture industry becomes more concentrated in fewer hands, the role of regulation in ensuring that markets are truly free and competitive becomes more, not less important.

Canadians, farmers included, are prone to reject extreme positions. The Wheat Growers marginalized themselves by fanatical adherence to an extreme right wing agenda. Just as Canadians appear to have rejected the extreme political right wing, so have farmers rejected the extreme views of the Wheat Growers. It is worth noting that membership in the National Farmers Union is increasing while the Wheat Growers fade away.

Nevertheless, as a friend of mine pointed out, supporters of the Wheat Growers should be commended for one thing. They have taken an active role in trying to influence agriculture policy. This desire to promote change is positive, no matter how wrongheaded the direction. But those who fear that the demise of the Wheat Growers will leave a void in policy debate should not worry. Last time I looked, the corporate sponsors and financiers of the Wheat Growers -Cargill, Monsanto, CN, CP and others - had not done away with their own organs of propaganda. They simply need to find another mouthpiece in the farm community. Nor should one underestimate the ability of the Wheat Growers to morph into another form as the need dictates.

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NFU member Ed Hiebert has placed the following appeal:

A PUBLIC WHISTLE BLOWER NOW NEEDS HELP. WILL YOU HELP?

Dave Lewicki, formerly a grain inspector for many years with the Canadian Grain Commission (CGC), ought to have received a reward for outstanding service as a public servant. Instead—as revealed in court documents—senior CGC managers denigrated his work and character, reduced his pay, and passed him over for meritorious advancement: all, it seems, because he explained in clear language how many changes proposed by CGC managers were detrimental to farmers' incomes.

Dave Lewicki has taken legal action to gain compensation for his treatment. Dave now needs help with his legal disbursements. Please support him with donations. Anyone who helps with \$50 or more, Dave commits to repaying the money from the anticipated legal settlement. Smaller amounts will be "repaid" by a donation to a charity.

If you prefer a check and balance on this process, please send cheques to me, Eduard Hiebert, at: 2186 HWY 26, ST Francois Xavier MB R4L 1B3. I will assemble donations and pass them on.

If sending directly to Dave is acceptable to you, please mail those cheques to: Apt 1B 415 Egon St., Thunder Bay, ON P7A 2X2.

IN EITHER CASE, PLEASE MAKE ALL CHEQUES PAYABLE TO DAVE LEWICKI

Thank you.

Eduard Hiebert

Ed Hiebert says that he will be contributing at least 10¢ per acre to this cause.

Export-oriented ag. failing everywhere

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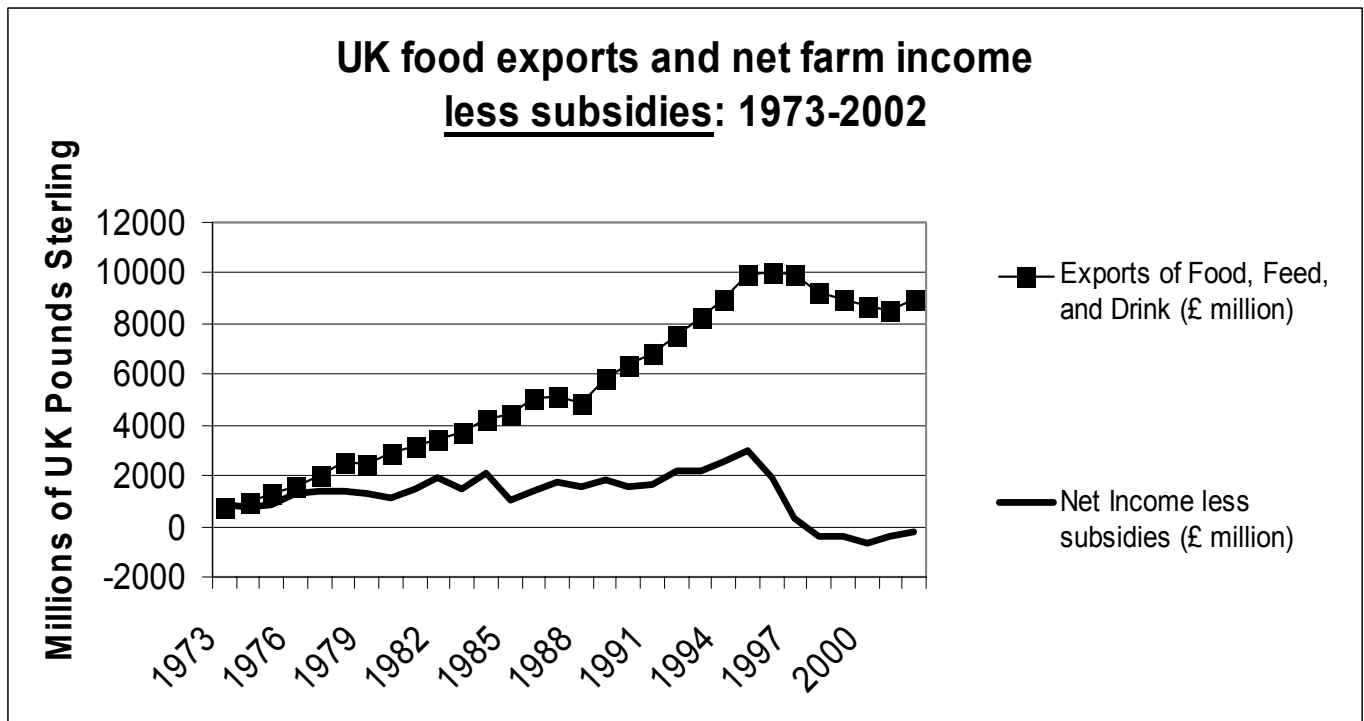
In the late 1990s, our federal government was crowing about its success in doubling Canadian agri-food exports. The NFU created a graph comparing Canadian food exports (up seven-fold over the past 25 years) and farmers' net income (flat, unadjusted for inflation, and declining sharply when adjusted). That graph was key in debunking claims that farmers benefit from increased exports or the trade and investment deals that stimulated those exports. The NFU has put its graph in front of hundreds of politicians and reporters. This NFU work has dramatically reduced claims that trade and trade deals are good for farmers, and forced the government to look at policies that really do help farm families.

The graph below shows that, like their Canadian counterparts, United Kingdom (England, Scotland, Wales and Northern Ireland) farmers have suffered while exports have soared. The graph compares data on UK food, feed, and drink exports with data on UK farmers' net incomes (with subsidies subtracted). While UK food and feed exports are up over ten-fold since the 1970s, the net income that farmers earned from the markets was down sharply, *falling below zero in 1998 and staying there ever since!*

UK farmers' were spared from this market failure by a subsidy package of around £2.5 billion (about \$6 billion Canadian) per year since the mid-'90s.

The 1998 net income crash does not correspond with either the outbreak of BSE in the UK (that outbreak happened earlier; and farmers' receipts from beef cattle didn't drop sharply in the late 1990s); nor with the outbreak of Foot and Mouth Disease (which occurred in 2001). A bigger factor seems to be a sharp reduction in grain prices after 1997.

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Data collection and calculations by NFU summer employee Mairin Loewen.